

# Teacher Lesson Plan

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## Module 11—Electronic Tax Return Preparation and Transmission

### Time Frame

One to three class periods

### Curriculum Area(s)

- Technology
- Civics/Government
- Family and Consumer Sciences
- History/Social Studies
- Economics

### Purpose

To help students understand the electronic preparation and transmission of tax returns

### Objectives

Students will be able to

- describe the ways to prepare and transmit tax returns.
- explain the benefits of electronic tax return preparation and transmission.
- explain how to self-select a Personal Identification Number (PIN).
- locate information about electronic filing on the Internet.

### Materials

#### *Online*

[Student Lesson—Electronic Tax Return Preparation and Transmission](#)

[Tax Tutorial—Electronic Tax Return Preparation and Transmission](#)

[Simulation 11A—Completing a Tax Return Using Head of Household Filing Status](#)

[Simulation 11B—Using the TeleFile Option](#)

[Assessment—Electronic Tax Return Preparation and Transmission](#)

[Assessment Solutions—Electronic Tax Return Preparation and Transmission](#)

#### *Print (PDF)*

[Fact Sheet—Electronic Tax Return Preparation and Transmission](#)

[Teacher Lesson Plan—Electronic Tax Return Preparation and Transmission](#)

## Background

Tax preparation means the completion of the forms and schedules needed to compute and report the tax. Tax returns can be prepared and transmitted manually or electronically. Transmitting a tax return means sending the return to the Internal Revenue Service. The IRS e-file program offers accurate, safe, and fast alternatives to filing on paper. These alternatives include filing over the telephone using TeleFile; filing online through a personal computer, and filing through an “Authorized IRS e-file Provider.” Personal Identification Numbers (PINs) ensure that the taxpayer, not someone else, has transmitted the tax return. A PIN allows the taxpayer to “sign” the return electronically. Electronic preparation and transmission of tax returns have numerous benefits.

## Key Terms

***Authorized IRS e-file Provider***—A business authorized by the IRS to participate in the IRS e-file Program. The business may be a sole proprietorship, a partnership, a corporation, or an organization. Authorized IRS e-file Providers include Electronic Return Originators (EROs), Transmitters, Intermediate Service Providers, and Software Developers. These categories are not mutually exclusive. For example, an ERO can at the same time, be a Transmitter, a Software Developer, or an Intermediate Service Provider, depending on the function being performed.

***Electronic Return Originator (ERO)***—The Authorized IRS e-file Provider that originates the electronic submission of an income tax return to the IRS. EROs may originate the electronic submission of income tax returns they either prepared or collected from taxpayers. Some EROs charge a fee for submitting returns electronically.

***Intermediate Service Provider***—Assists in processing tax return information between the ERO (or the taxpayer, in the case of online filing) and the Transmitter.

***IRS e-file***—Refers to the preparation and transmission of tax return information to the IRS using telephone lines or a computer with a modem or Internet access.

***Personal Identification Number (PIN)***—Allow taxpayers to “sign” their tax returns electronically. The PIN, a five-digit self-selected number, ensures that electronically submitted tax returns are authentic. Most taxpayers can qualify to use a PIN.

***TeleFile***—An interactive computer program that allows a qualified taxpayer to file a simple federal tax return electronically with the IRS using a toll-free number. The IRS determines which taxpayers can use the TeleFile option and mails those taxpayers a TeleFile booklet explaining the process.

***Transmitter***—Sends the electronic return data directly to the IRS.

***Software Developer***—Develops software for the purposes of (1) formatting electronic tax return information according to IRS specifications, and/or (2) transmitting electronic tax return information directly to the IRS.

## Opening the Lesson

Distribute Fact Sheet—Electronic Tax Return Preparation and Transmission. Use the following questions to prompt students to share their knowledge about electronic tax return preparation and transmission:

- What are the benefits of using a computer to prepare a tax return?

**increased accuracy, ease of use, and ability to prepare federal and state taxes at the same time**

- How can a taxpayer with little or no tax training complete a tax return using tax preparation software?

**Most tax preparation software uses expert systems, or wizards, to guide users through the steps of completing a tax return.**

- How does the IRS ensure that the taxpayer, and not someone else, sent an electronically transmitted tax return?

**The IRS uses Personal Identification Numbers (PINs). The PIN authenticates the return as being sent by the taxpayer. The PIN also allows taxpayers to “sign” their returns electronically.**

Note: For students who may want to work independently on this module, refer them to Student Lesson—Electronic Tax Return Preparation and Transmission.

## Developing the Lesson

Direct students to Tax Tutorial—Electronic Tax Return Preparation and Transmission, and explain that this tax tutorial focuses on the electronic preparation and transmission of tax returns. Students will learn various methods to prepare and transmit tax returns. In addition, they will learn the benefits of working in an electronic environment. Students will learn about the security of electronic transmissions.

### *Online Activity*

Direct students to Simulation 11A—Completing a Tax Return Using Head of Household Filing Status. Explain to students that they will use the document and information to complete the tax return for Madison Mailey, a single mother of one daughter, Robyn. Then, direct students to Simulation 11B—Using the TeleFile Option. Explain that they will observe John Ruiz using the TeleFile option to report his tax information to the IRS.

## Concluding the Lesson

After students have completed Tax Tutorial—Electronic Tax Return Preparation and Transmission, Simulation 11A—Completing a Tax Return Using Head of Household Filing Status, and Simulation 11B—Using the TeleFile Option, ask whether they have questions about the electronic preparation and transmission of tax returns. To ensure that they understand the material, ask them the following questions:

- What is the difference between tax preparation and tax transmission?

**Tax preparation is the completion of the forms and schedules needed to compute and report the tax. Tax transmission refers to sending the return to the taxing authority.**

- How does the IRS know that it was the taxpayer, and not someone else, who electronically submitted the tax return?

**The IRS uses Personal Identification Numbers to authenticate electronically submitted tax returns.**

## Assessment

As a final review, summarize the major lesson points. Tax returns can be prepared and transmitted manually or electronically. Personal Identification Numbers (PINs) ensure that the taxpayer, and not someone else, transmitted the tax return. A PIN allows the taxpayer to “sign” the return electronically. Electronic preparation and transmission of tax returns have numerous benefits. When students are comfortable with the material, have them complete Assessment—Electronic Tax Return Preparation and Transmission.